

## **AUDIT REPORT (REPORT OF THE INDEPENDENT AUDITOR)**

### **of factual funding for expenditure verification Action of Human Rights Foundation**

**Embassy of Finland in Ukraine**

**Board of the Human Rights Foundation**

In accordance with our contract № 28-01-2014/01 dated 28 January 2014 we provide our Audit Report of Factual Findings ("the Report"), with respect to the accompanying Financial Report you provided for the period covering 26 April 2013 - 05 February 2014 (Annex 1 of the Report). You requested certain procedures to be carried out in connection with the Agreement between the Embassy of Finland in Ukraine and Human Rights Foundation concerning the Action: "Labor advocacy initiative for rural women in provincial areas of Ukraine" ("the Action"), number of the Agreement UH2013-010151.

#### **Objective.**

The objective of this expenditure verification is for the Auditor to verify that the expenditure claimed by the Human Rights Foundation in the Financial Report for the Action financed by the Embassy of Finland in Ukraine has occurred ('reality'), is accurate ('exact') and eligible and to submit to the Human Rights Foundation the Report with regard to the agreed-upon procedures performed. Eligibility means that the funds provided by the grant were spent in the terms and conditions of the Agreement between the Embassy of Finland in Ukraine and the Human Rights Foundation.

#### **Procedures to verify the eligibility of expenditure**

Book keeping at the Human Rights Foundation is conducted with use register - order form of the account and the working plan of accounts according to the Plan of accounts of book keeping of actives, the capital, obligations and economic operations of enterprises and organizations and Instructions N 291 with application of the accounting program "1-C Enterprise".

For auditing were presented the following documents:

- 1) computerised accounting records from the Beneficiary's accounting system such as general ledger, sub ledgers and payroll accounts, fixed assets registers and other relevant accounting information;
- 2) proof of commitments such as contracts and order forms;
- 3) proof of receipt of goods such as delivery slips from suppliers;
- 4) proof of completion of works, such as acceptance certificates;
- 5) proof of purchase such as invoices and receipts;
- 6) proof of payment such as bank statements, debit notices.



### Conformity of Expenditure with the Budget

The Auditor carries out an analytical review of the expenditure headings in the Financial Report and:

- verifies that the budget in the Financial Report corresponds; with the Budget of the Action (authenticity and authorization of the initial Budget) and that the expenditure incurred was foreseen in the budget of the Action.
- verifies that the total amount claimed for payment by the Beneficiary was 632 636 UAH 90 kop. (including first-payment 309 000 UAH ).
- verifies that the all expenditures made in accordance with Ukraine legislation and accounting system full an clear reflects it based on Ukraine national Accounting standards.

"Audit Company Stolitsa", (further - AUDITOR) has carried out the audit of accounting of the Action, as for the period from 26/04/2013 till 05/02/2014, as well as the corresponding accounting of profits and losses according to the Agreement, signed by both parties. Management of the Foundation is responsible for these financial reports. AUDITOR is responsible for giving its opinion concerning these financial reports on the basis of the audit of accounting.

Our company acts based on Registration Act about entering to the list of Ukraine auditors №4403 issued by Ukraine Chamber of Auditors.

AUDITOR has carried out the audit of accounting according to the International Standards of Audit According to these standards we are obliged to plan and realize the audit of a r to make sure that financial reports do not contain serious distortions. Audit means checking by means of testing proofs of sums and information in the financial reports. Audit also means checking by means of evaluation of principles of business accounting and essential influence of accounting reports made by the management as well as evaluation of providing of the financial reports in general. We think that the undertaken audit of accounting gives reasonable basis for expressing opinion.

According to AUDITOR, financial reports fairly and truly, in all essential aspects, reflect the financial performance of the Agreement UH2013-010151 as for the period from 26/04/2013 till 05/02/2014, results of their activity and cash flow for the finished period according to the National Standards of Business Accounting.

Director "Audit Company Stolitsa",LTD

 Pererva Ludmila

Auditor Certificate ANo006713, issued by UCA from 14.07.2010

05.02.2014

